BRITISH COLUMBIA
The Best Place on Earth

Stats

Infoline

Contact: bcstats.infoline@gov.bc.ca

Issue: 08-22

May 30, 2008

- **Labour income increased 1.9% in the first quarter**
- **Room revenues fell 1.2% in February**
- **Canada's economy shrinks 0.1% in the first quarter**

The Economy

- **Labour income earned by workers in British Columbia, including wages, salaries and benefits, rose 1.9% (*seasonally adjusted*) in the first quarter of 2008.** Nationally, labour income advanced 1.5% with the strongest growth recorded in the prairie provinces as Saskatchewan (2.9%), Manitoba (+2.3%) and Alberta (+2.1%) were all well above the national average. While remaining positive, growth in labour income in Quebec (+0.7%) slowed to a level far below the national average. *Data Source: Statistics Canada*

- **BC's food services and drinking places industry saw revenues fall (-5.4%, *seasonally adjusted*) in March wiping out all of the gains made in the previous two months.** Slipping sales at food service establishments offset a rise in business at drinking places. Nationally, total receipts were off 2.2% with Newfoundland (-7.9%), BC (-5.4%) and Nova Scotia (-5.3%) recording the largest declines. Alberta, where receipts inched ahead (+0.1%), was the only province to record an increase in sales in March. *Data Source: Statistics Canada & BC Stats*

- **Year-to-date lumber production at BC's sawmills slowed 25.6% to 7.5 million cubic metres in March.** The downturn was felt more deeply by Interior mills with output falling 26.6%, while Coastal production was down 18.7%. BC's lumber mills have seen double-digit declines in production every month since August 2007. Shipments of lumber dropped 21.7% in the first three months of 2008 compared with the same period last year. *Data Source: Statistics Canada*

- **In March, the number of Employment Insurance (EI) claimants receiving regular benefits in the province rose 0.9% (*seasonally adjusted*) compared to the previous month.** At the national level, an estimated 462,760 Canadians received regular EI benefits, up 2.2% from February. All provinces, with the exception of Nova Scotia (-0.8%), saw an increase in the number of EI recipients. *Data Source: Statistics Canada*

Agriculture

- **Robust livestock sales (+9.5%) gave farm cash receipts in British Columbia a strong start for the year, up 4.4% in the first quarter of 2008 compared to the same period a year earlier.** Despite lower prices, higher feed bills and an appreciating Canadian dollar, sales of livestock (+9.5%), in particular turkeys (+14.5%), hens & chickens (+13.0%) and dairy products (+12.8%), were higher. Cattle receipts (+0.1%), however, remained virtually unchanged. Increased potato (+62.1%) and apple (+5.0%) sales helped buoy total crop sales (+1.1%) through the first quarter while cash receipts from floriculture & nursery (+0.2%) remained relatively flat.

  Total Canadian farm cash receipts struck a record high $11.1 billion in the first quarter of 2008, largely due to a surge in grain and oilseed prices. As a result, crop sales were up 38.5% over the first quarter of 2007. Meanwhile, with hog and cattle farmers facing lower prices due to an increase in American supplies, livestock sales slumped 6.4%. *Data Source: Statistics Canada*

- **British Columbia's farmers continue to suffer losses as total net farm income (net cash income plus inventory changes and income-in-kind less depreciation) fell to -$129 million in 2007 from -$77 million in 2006.** Rising operating expenses (+7.5%) were the main reason for

Did you know...

Summer is almost here and that means it's time to pick your favourite books to read under the sun, but did you know that nearly one in four Canadians (23%) never read a book's introduction and just four in ten (39%) always read a story's lead-in?

Data Source: Ipsos Canada

the ongoing decline in farm income. This is the first time that BC's net farm income has been negative in back-to-back years.

Nationally, rising prices for grains and oilseeds helped to push Canadian net farm income into positive territory from -$68 million in 2006 to $369 million in 2007. Quebec, Saskatchewan and Manitoba were the only provinces to register positive net farm income in 2007.

Data Source: Statistics Canada

Room Revenues

- **In February, provincial room revenues fell (-1.2%, *seasonally adjusted*) for the first time since July 2007.** Thompson/Okanagan (-6.3%) and Vancouver Island/Coast (-4.3%), which together account for about a third of the provincial total, recorded the largest decreases. Accommodation properties in Cariboo and Nechako (each at -1.5%) also had a less lucrative month. On the other hand, Kootenay (+9.8%) experienced the largest month-over-month increase in two years and North Coast (+2.7%) saw revenues advance for the third consecutive month. Northeast (+0.3%) and Mainland/Southwest (+0.2%) also posted gains in the second month of 2008.

Data Source: BC Stats

The Nation

- **Canada's gross domestic product (GDP) contracted 0.1% (*seasonally adjusted*) in the first quarter of 2008.** Although the decline was marginal, it brings a nearly five-year-long expansionary period to an end. Canada had been riding a wave of strong economic growth since the third quarter of 2003 but in recent months there have been signs that the peak may have been reached. Economic growth retreated from a crest of 1.0% in the first two quarters of last year to 0.2% in the fourth quarter.

  Consumer, business and government spending on goods and services, which had driven the upsurge, grew at a slower pace in the first quarter, increasing just 0.6%, less than half the 1.5% increase posted at the end of 2007. This reflected slower growth in consumer spending (+0.8%, down from 1.8% in the fourth quarter). At the same time, business investment in fixed capital slipped 0.3%, largely because of a downturn (-1.8%) in the residential sector. Business spending on new machinery and equipment increased a modest 0.3%. Inventory levels dropped significantly, indicating that businesses were supplying their customers from stockpiles of finished goods rather than new production.

  Exports continued to fall (-1.1%), reflecting weakness in the manufacturing sector (-3.0%). Imports were also down (-2.6%) after rising throughout 2007.

  Corporate profits jumped ahead 2.4% in the first quarter of 2008 compared to a quarter earlier when they remained flat.

  Data Source: Statistics Canada

- **Economic activity slipped 0.2% (*seasonally adjusted*) in March as production in the nation's goods-producing industries fell 1.0% while service industries expanded a more modest 0.2%.** A 2.5% drop in the manufacturing industry, largely due to a downturn in transportation equipment production (-7.3%), accounted for the lion's share of the decline in the goods sector. March was also a tough month for wood (-3.0%), primary metal (-2.3%) and paper (-1.4%) producers, all of which experienced a decline in GDP. Wholesaling fell (-0.6%) for the second consecutive month, while retail sales inched just 0.2% higher.

  Data Source: Statistics Canada

- **A strong increase in prices for petroleum and coal products offset weakened prices for motor vehicles and other transportation products, leaving the nation's Industrial Product Price Index (IPPI) 1.0% higher in April compared to the same month a year ago.** When energy products are excluded from the IPPI, the index shows a steady decline since September 2007. Prices for BC's softwood lumber dropped 12.5% in April, making this the fourth consecutive month of double-digit declines.

  Data Source: Statistics Canada

For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Contact: Neal Dobinson
(250) 387-1124
Originally published in
Tourism Sector Monitor Issue 08-04

Vacation Rentals

Vacation rentals represent a growing market in BC's accommodation industry. In 1995, there were an estimated 345[1] vacation rentals in BC, which generated 5% of provincial room revenues. By 2007, the number of properties expanded to 420, accounting for 8% of total revenues.

A "vacation rental", as defined by BC Stats, is an establishment that provides temporary or longer-term accommodation, which, for the period of occupancy, may serve as a principal residence. Included in this definition are campgrounds and temporary accommodations for seasonal workers.

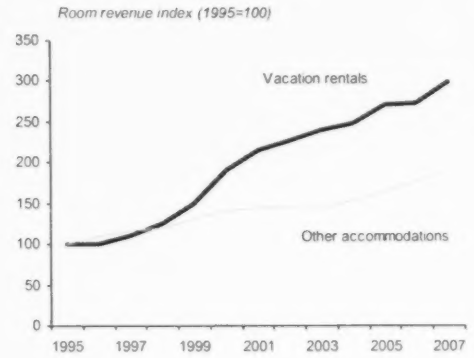
Vacation rentals offer travellers a unique accommodation experience. Unlike hotels and motels, vacation rentals are typically furnished residences that include kitchen facilities and other amenities that provide a "home away from home". These properties are often located in a non-urban setting and may provide access to private beaches, fishing and skiing opportunities. Condominiums, cottages and cabins are common types of vacation rentals, which may be rented out by the owner or a rental management company.

Vacation rentals are becoming increasingly popular in BC

There has been a growing trend towards short-term rental property accommodation in recent years. From 1995 to 2007, room revenues at vacation rentals increased three-fold from approximately $49.7 million to $148.8 million. This rate of growth was more than twice the average for hotels, motels and other accommodations (+91.4%) over this period.

[1] It should be noted that maintaining an accurate count of properties is difficult since vacation rentals tend to move in and out of the market throughout a given year.

Vacation rentals have experienced significant growth since 1995



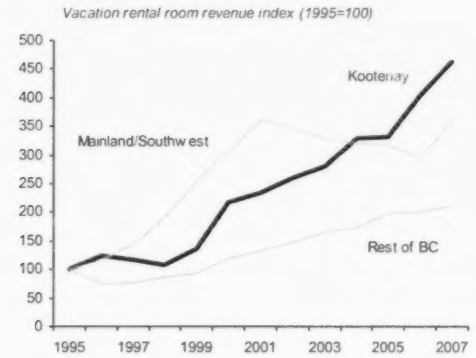
Data Source: BC Stats

Following four years of double-digit gains from 1998 to 2001, room revenue growth at BC's vacation rentals slowed during 2002 to 2006. In 2007, revenues advanced 9.9%, the largest increase since 2001 (+13.1%) and higher than the rate for other accommodations (+8.2%).

Regional growth trends

Kootenay (+362%) experienced a surge in vacation rental room revenues from 1995 to 2007, recording double-digit growth in seven years during this period. In Mainland/Southwest, returns more than tripled from 1995 to 2001, lost ground during the next five years, and then rebounded in 2007 (+21.0%). Overall, revenues in this region grew 256% from 1995 to 2007, well above the average for the rest of BC (+111%). Other regions that recorded significant gains in the vacation rental market include Vancouver Island/Coast, Thompson/Okanagan and Northern BC.

Kootenay and Mainland/Southwest have outperformed the rest of BC

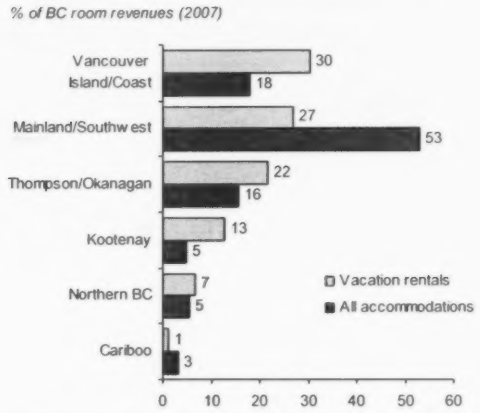


Data Source: BC Stats

Vancouver Island/Coast has the largest share of the vacation rental market

Vancouver Island/Coast is home to about one in three vacation rentals in the province, the largest concentration among the regions. Typically, these accommodations are located in resort areas such as the Gulf Islands, Tofino and Ucluelet. In 2007, 30% of BC vacation rental room revenues were generated in Vancouver Island/Coast, significantly higher than its share of returns for all accommodations (18%). Although Mainland/Southwest accounts for more than half (53%) of provincial room revenues, it has a much smaller share of the vacation rental market (27%) with most properties located in the Whistler area. Thompson/Okanagan (22%) contributes a significant proportion, while more than one in every ten dollars (13%) of room revenues at vacation rentals is attributed to the Kootenay region. Northern BC (7%) and Cariboo (1%) account for the remaining 8% of the market.

Most of the province's vacation rental room revenues are generated in Vancouver Island/Coast and Mainland/Southwest



Data Source: BC Stats

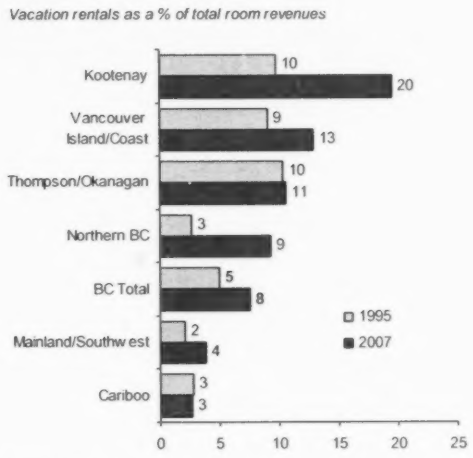
Vancouver Island/Coast, Mainland/Southwest and Thompson/Okanagan were the largest contributors to the vacation rental market in 1995 and 2007. However, there was a reallocation of market share across the regions over this period. Vancouver Island/Coast saw its share fall from 36% in 1995 to 30% in 2007 (-6 percentage points), while Kootenay (+5), Mainland/Southwest and Northern BC (each at +4) experienced an increase. In addition, the vacation rental market lost ground in Thompson/Okanagan (-7) and Cariboo (-1).

Vacation rentals are a relatively small player but represent a growing market

Although vacation rental room revenues have shown considerable growth in recent years, they still represent a relatively small portion of room revenues in the accommodation industry (8% in 2007). In some regions, however, vacation rentals have become an increasingly important segment. For example, the proportion of total revenues generated by vacation rentals in Kootenay doubled from 1995 (10%) to 2007 (20%). Northern BC saw its share climb from 3% to 9% over the same period,

mainly due to growth at temporary accommodations for seasonal workers. In addition, Vancouver Island/Coast also experienced an appreciable increase (+4 percentage points). However, market share in Thompson/Okanagan remained virtually unchanged from 12 years earlier (+1). In Mainland/Southwest (4%) and Cariboo (3%), the vacation rental market comprised less than five percent of revenues in 2007.

In Kootenay, one in every five dollars of room revenues is generated by vacation rentals



Data Source: BC Stats

Since 1995, vacation rentals have increased their share of total room revenues in most regions of the province. Strong demand for this type of non-standard accommodation, coupled with the revenue potential for the owners of these properties, will likely encourage the continued expansion of BC's vacation rental market.

Infoline

May 30, 2008
Issue 08-22

Email transmission information service from BC Stats

also on the **Internet** at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Jan 1/08	% change on one year ago
BC	4,414.0	1.5
Canada	33,143.6	1.1
GDP and INCOME (Revised Apr 28)		% change on
(BC - at market prices)	2007	one year ago
Gross Domestic Product (GDP) *($ millions)*	190,214	5.5
GDP *($ 2002 millions)*	163,200	3.1
GDP *($ 2002 per Capita)*	37,258	1.7
Personal Disposable Income *($ 2002 per Capita)*	24,728	3.0
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Mar	3,359	0.0
Merchandise Exports - Mar	2,311	-8.8
Retail Sales - Mar	4,848	2.0
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - Apr 2008)	one year ago	% change
BC	1.7	1.4
Vancouver	1.9	1.7
Victoria	1.4	0.8
Canada	1.7	2.1
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Apr '08	prev. month
Labour Force - BC	2,429	0.3
Employed - BC	2,324	0.3
Unemployed - BC	105	0.7
		Mar '08
Unemployment Rate - BC *(percent)*	4.3	4.3
Unemployment Rate - Canada *(percent)*	6.1	6.0
INTEREST RATES (percent)	May 28/08	May 30/07
Prime Business Rate	4.75	6.00
Conventional Mortgages - 1 year	6.15	6.85
- 5 year	6.65	7.14
US-CANADA EXCHANGE RATE	May 28/08	May 30/07
(avg. noon spot rate) Cdn $ per US $	0.9915	1.0754
(closing rate) US $ per Cdn $	1.0102	0.9312
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Apr '08	one year ago
BC	772.40	3.3
Canada	773.54	4.4

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

NEW Article Index on our site

BC Stats' reports and publications can now be retrieved through a searchable database. Searches can be performed by subject, author, publication or date. Link to this page by choosing **Reports & Publications** near the bottom of our left sidebar.

www.bcstats.gov.bc.ca/guide.asp

Manufacturers' Directory 2008

Over 600 pages

Sources, leads, opportunity – whatever you make of it – the 2008 Directory is packed full of current information on more than 4,700 firms operating in British Columbia.

$45 plus taxes. Order now.

Tel: (250) 387-0359
FAX: (250) 387-0380

Searchable on-line at www.made-in-bc.ca

2008 British Columbia Manufacturers' Directory
www.bcstats.gov.bc.ca/pubs/pr_bcmd.asp

Released this week by BC Stats

- Business Indicators, May 2008
- Current Statistics, May 2008

Next week

- Tourism Sector Monitor, May 2008
- Labour Force Statistics, May 2008
- Earnings & Employment Trends, May 2008

BC Stats, Ministry of Labour and Citizens' Services, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: www.bcstats.gov.bc.ca E-mail: BC.Stats@gov.bc.ca